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INTERNATIONAL ECONOMIC COOPERATION

SECURITY COUNCIL
Forty-ninth year

Letter dated 7 October 1994 from the Permanent Representatives of the Russian Federation and the United States of America to the United Nations addressed to the Secretary-General

We have the honour to enclose the texts of the joint statements on strategic stability and nuclear security (annex I) and on partnership for economic progress (annex II), signed by the President of the United States of America, Mr. W. J. Clinton, and the President of the Russian Federation, Mr. B. N. Yeltsin, on 28 September 1994 in Washington.

We would be grateful if you could circulate the present letter and its annexes as a document of the General Assembly, under agenda item 88, and of the Security Council.

(Signed) Madeleine K. ALBRIGHT
Permanent Representative of
the United States of America
to the United Nations

(Signed) Sergei V. LAVROV
Permanent Representative of the
Russian Federation to the
United Nations

ANNEX I

Joint statement on strategic stability and nuclear security by the Presidents of the Russian Federation and the United States of America

Presidents Yeltsin and Clinton underscored that, with the end of the cold war, major progress has been achieved with regard to strengthening global strategic stability and nuclear security. Both Russia and the United States are significantly reducing their nuclear forces. Important steps have been taken to detarget strategic missiles. Multilateral negotiations on a comprehensive nuclear test ban have begun. The Presidents noted the key role of the Non-Proliferation Treaty in ensuring global stability.

President Yeltsin outlined the initiative Russia presented to the United Nations General Assembly for a treaty among the five permanent members of the United Nations Security Council for a halt to the production of fissile materials for weapons, a ban on the re-use of fissile materials in weapons, further elimination of nuclear warheads, and reduction of strategic delivery systems.

President Clinton outlined the ideas he described at the United Nations General Assembly for cooperation in advancing nuclear non-proliferation, particularly to enhance the security of nuclear materials and to prevent nuclear smuggling.

The Presidents discussed these initiatives, of which they had informed each other in advance and which reflected shared goals and certain common proposals designed to contribute to nuclear non-proliferation. In this regard, the Presidents agreed that the permanent members of the United Nations Security Council, given their responsibilities as nuclear Powers, have a special role to play.

Russia and the United States will work with the other permanent members, as well as other countries, to ensure a successful outcome at the 1995 Non-Proliferation Treaty conference that produces an indefinite and unconditional extension of the NPT, to conclude a comprehensive nuclear test-ban treaty at the earliest possible date, and to achieve a global prohibition on the production of fissile materials for nuclear weapons. The Presidents also agreed on the desirability of continuing their respective moratoria on nuclear-weapon tests.

The Presidents welcomed the ongoing deactivation and dismantlement of strategic nuclear systems by the parties to the START I Treaty and the implementation of the 14 January 1994 Trilateral Statement. They welcomed the real possibility to bring the START I Treaty and the Lisbon Protocol into force in the very near future and pledged full cooperation to this end. The Presidents agreed that their defence ministers would exchange information every three months on strategic systems that have been deactivated and eliminated.

The Presidents confirmed their intention to seek early ratification of the START II Treaty, once the START I Treaty enters into force, and expressed their desire to exchange START II instruments of ratification at the next Russia-United States summit meeting.

In an important new development, the Presidents concurred that, once the START II Treaty is ratified, Russia and the United States would proceed to deactivate all strategic delivery systems to be reduced under START II by removing their nuclear warheads or taking other steps to remove them from alert status.

The Presidents instructed their experts to intensify their dialogue to compare conceptual approaches and to develop concrete steps to adapt the nuclear forces and practices on both sides to the changed international security situation and to the current spirit of Russian-United States partnership, including the possibility, after ratification of START II, of further reductions of, and limitations on, remaining nuclear forces. They also discussed the prospect for confidence-building and transparency measures in this area. The Presidents consider that, as the political partnership develops, there will be new opportunities to strengthen stability through openness and transparency.

President Clinton described to President Yeltsin the unilateral adjustments the United States will make in its strategic and non-strategic nuclear forces and safety, security and use control practices as a result of the recently completed nuclear posture review. President Yeltsin noted these United States changes as a manifestation of the new relationship between Russia and the United States and described the comparable review of measures under way in Russia to reduce Russian nuclear forces and improve their safety. The Presidents agreed that each side would independently consider further unilateral steps, as appropriate, with regard to their respective nuclear forces.

The Presidents discussed the benefits of reductions in and enhancements to the security of non-strategic forces.

The Presidents agreed on the fundamental importance of preserving the viability and integrity of the ABM Treaty. Noting the recent progress made on the issue of ABM/TMD demarcation and multilateralization of the ABM Treaty, the Presidents instructed their respective delegations, working with the other participating States, to complete agreement on remaining issues in the shortest possible time.

Both sides have an interest in developing and fielding effective theatre missile defence systems on a cooperative basis. The Presidents agreed that the two sides will conduct a joint exercise of theatre missile defences and early warning of missile launches. This exercise would contribute to providing a basis for Russian and United States forces to operate together, for example, in peace-keeping operations.

Proceeding from the principles of partnership and reciprocity, the Presidents agreed to work together to develop broad bilateral and multilateral cooperation on assuring nuclear security as follows:

- Cooperate on a bilateral and multilateral basis, including through the exchange of appropriate information, to prevent illegal trade in nuclear materials and undertake measures to strengthen the regime of control and physical protection of such materials.

- Exchange detailed information at the next meeting of the Gore-Chernomyrdin Commission on aggregate stockpiles of nuclear warheads, on stocks of fissile materials and on their safety and security. The sides will develop a process for exchanging this information on a regular basis.

- Direct their Joint Working Group on Nuclear Safeguards, Transparency and Irreversibility to pursue by March 1995 further measures to improve confidence in and increase the transparency and irreversibility of the process of reducing nuclear weapons.

- Facilitate broad cooperation among appropriate agencies in both countries to ensure effective control, accounting and physical protection of nuclear materials.

- Facilitate cooperative programmes between Russian and United States national laboratories in the stress of safety, physical protection, control and accounting of nuclear materials.

- Deepen cooperation between the Russian Ministry of Defence and United States Department of Defense in the area of ensuring nuclear security.

- Implement a joint plan to expedite construction of a new, long-term storage facility for fissile materials from dismantled nuclear weapons at Mayak.

- Taking a broad view of strategic stability and bearing in mind the need to control all types of weapons of mass destruction, the Presidents agreed on:

- The importance of continued, full, mutual and reciprocal implementation of the September 1992 United States-Russian-United Kingdom Statement on Biological Weapons as a means of gaining confidence that offensive biological weapons programmes have been terminated.

- The need for adherence by all States to the Chemical Weapons Convention and for universal application of its provisions, as well as the need for adoption without delay of measures that make it possible to bring the CWC into force; and the need to resolve without delay the

outstanding issues related to the Bilateral Destruction Agreement and the Wyoming Memorandum of Understanding.

By the President of the
Russian Federation:

(Signed) Boris N. YELTSIN

By the President of the United
States of America:

(Signed) William J. CLINTON

Washington, 28 September 1994

ANNEX II

Partnership for Economic Progress

Joint statement on principles and objectives for the development of trade, economic cooperation and investment between the Russian Federation and the United States of America

The Russian Federation and the United States of America;

Believing that strong economic ties and cooperation can contribute significantly to the building of strong, friendly relations and acceleration of the development of free markets, economic growth and job creation in both countries;

Based on continuing progress by the Russian Federation in steps to create a market economy and more open commercial and investment environment, including the necessary legal and financial conditions;

Desiring to build a strategic economic partnership between the two countries and accelerate and give vibrancy to the efforts of their private and commercial sectors to develop commercial projects on the basis of trade, joint ventures, and foreign direct investment;

Noting the positive trends and developments in the legal, commercial and financial frameworks for bilateral trade, economic cooperation and investment;

Positively assessing steps by the Russian Federation in creating a market economy, and by the United States of America in extending technical assistance to support, on a bilateral and multilateral basis, market reforms in the Russian Federation and the development of bilateral commercial relations;

Noting the complementarity of the Russian and American economies for the development of key economic sectors and the significant potential for development of mutually beneficial commercial ventures between the two countries;

Reaffirming their commitment to the purposes and principles of the Charter for Russian-American Partnership and Friendship of 17 June 1992, and the principles of the Vancouver (April 1993) and Moscow (January 1994) Declaration by the Presidents of both countries;

Noting the important role of the Joint Commission for Economic and Technological Cooperation in creating the conditions for strengthening Russian-United States economic cooperation;

Have adopted the following Principles and Objectives for the development of trade, economic cooperation and investment relations:

Trade

The Russian Federation and the United States of America seek to establish a normal trade relationship as quickly as feasible, to support a rapid increase in bilateral commerce. Great value is placed on the Agreement on Trade Relations in force between the Russian Federation and the United States of America and both countries are committed to carry out fully the provisions of this Agreement.

The United States recognizes the significance of the removal of Russia from application of the provisions of Title IV of the United States Trade Act of 1974 (the Jackson-Vanik Amendment). The United States Administration has made a positive determination that Russia is in full compliance with Title IV criteria and will consult with the United States Congress at an early date concerning legislation to remove Russia from application of Title IV.

Both countries welcome the work of the Russia-United States Joint Commission for Economic and Technological Cooperation and its various bilateral committees, including the Russia-United States Intergovernmental Business Develcpment Committee, to contribute to the expansion of bilateral trade and investment, and will utilize the Business Development Committee as a means for frequent consultation on the means of improving the environment for commercial growth. Each side will use its best efforts to implement measures supporting trade expansion and to remove obstacles to trade development.

Russia and the United States note that as of 30 September 1993, the United States has extended to qualifying Russian exports eligibility for duty-free entrance into the United States under the United States Generalized System of Preferences programme covering 4,400 products, and that during 1994 United States technical experts will provide information to Russian officials and entrepreneurs on effective utilization of the GSP programme.

The United States expects to extend the benefits of the GSP programme to Russia for so long as its programme authority and Russian eligibility under authorizing legislation permit. Russia will review the possibility of removing certain tariff barriers impeding development of trade.

Both countries will facilitate trade and investment expansion through the dissemination of reliable and comprehensive economic data, transparent and stable commercial laws and regulations, and active promotion of business contacts and facilitating access to commercial market information. Noting the provisions of the Russia-United States Agreement on Trade Relations concerning transparency of new laws and regulations, the United States believes it would be useful if Russia adopted procedures for public comment on proposed changes to commercial laws and regulations, as well as advance notification and publication of proposed changes. Until such procedures are in place, both countries through the Business Development Committee will facilitate the timely exchange of information on legislation and regulations as they are adopted.

Market access: Each country desires to provide liberal access to its market for the other's goods and services. They are committed to avoid trade

frictions and facilitate access consistent with fair trade practices and their respective trade laws.

The Russia-United States Business Development Committee is an important forum for discussions of current and potential market access issues and for the development of recommended policies and regulations which would support expanded trade and investment.

Recognizing that Russia is an economy in transition to a free market, the United States will give priority attention to the special market access problems Russia faces as it continues its economic transition. The United States Administration will consult with the United States Congress on this subject.

Market access issues will be addressed from a broader bilateral perspective through the business Development Committee's Market Access Working Group. This Group will consider initiatives designed to reduce barriers to mutual market access, taking into account the unique problems Russia faces as an economy in transition.

Russia and the United States will immediately work to address Russia's concerns with United States anti-dumping laws, beginning with procedures to disseminate information designed to prevent unfair trade and procedures designed to facilitate participation in anti-dumping proceedings if unfair trade occurs. They agree to discuss changing market trends resulting from Russia's transition to a market economy and integration into the global trading system.

Both countries recognize that tariff-reducing measures, consistent with GATT/WTO principles, will provide an important stimulus to bilateral trade and investment. They also intend to review and seek prompt removal of technical barriers to trade through both bilateral cooperation and unilateral measures. The reduction of such tariff and technical barriers to trade will lead to increased investment and promote the development and growth of economically healthy, globally competitive domestic industries.

Both countries consider cooperation in international standardization and openness of conformity assessment indispensable to eliminating or avoiding the creation of technical barriers to trade, and intend to proceed vigorously with the programme of work agreed upon in the Joint Communiqué on Cooperation in Conformity Assessment issued in Moscow on 16 December 1993, at the conclusion of the meetings of the Joint Commission for Economic and Technological Cooperation led by Prime Minister Victor Chernomyrdin and Vice-President Albert Gore. They consider progress in product certification, testing and quality assurance to be of priority for telecommunications equipment, drugs, pharmaceuticals and medical devices.

The United States looks forward to the implementation by Russia of a trade regime that would speed its accession to the GATT/WTO and open the way to application of GATT/WTO principles in their bilateral trade. The United States supports Russia's accession to the GATT/WTO and expresses its readiness to extend appropriate technical assistance and to consult concerning the process of accession.

Intellectual property rights: Russia and the United States look forward to continued cooperation under the Working Group on Intellectual Property Matters, established by the Agreement on Trade Relations between the Russian Federation and the United States of America.

The United States recognizes Russia's considerable progress in enacting intellectual property rights legislation. Both sides consider effective enforcement of those laws to be important. In particular, the United States considers protection for pharmaceuticals, computer software, sound recordings, books and integrated circuit layout designs to be of primary importance. The United States side looks forward to Russia's rapid accession to the Berne Convention on the Protection of Literary and Artistic Works.

Closer economic cooperation and commercial partnership: The two countries share the view that their two economies are complementary in many ways and that the extent of economic cooperation currently existing between the two is only a small fraction of its potential. They agree that the two economies could benefit strongly from the elimination of trade and commercial barriers between them.

Russia and the United States concur that Russia must take additional market-oriented steps for trade and commercial cooperation to reach its potential. Both agree that closer economic cooperation will have a beneficial effect on bolstering the continued market transformation of Russia's economy.

The elimination of barriers to trade and investment and increased commercial cooperation will emphasize the totally changed nature of the relationship between the two countries to one of strategic economic partnership.

In this context, Russia and the United States at an appropriate time could consider future arrangements to enhance their bilateral economic relationship. They also will work through the Business Development Committee forum to identify measures for achieving closer commercial integration.

Investment and finance

The two sides note favourably the June 1992 Treaty on the Encouragement and Reciprocal Protection of Investment that has been signed by the heads of both States and that has been approved by the United States Senate. They agree that ratification by the Russian Federation Federal Assembly and its prompt entry into force is a critical goal to be achieved in improving the Russian investment environment for American companies.

They also agree that the steps taken by Russia pursuant to President Yeltsin's Decree 1466 of 27 September 1993 form the basis for moving forward with administrative and legislative actions to further improve the investment climate in Russia. They share the opinion that bilateral discussions that include the business communities of both countries will be the most rapid way of identifying the precise actions that are needed.

Support for reform: The United States reaffirms its support for Russia's efforts to establish a market economy and offers continuing active assistance to the process of reform.

In particular, the United States welcomes Russia's intention to establish new incentives, consistent with international standards and agreements including the GATT/WTO, to attract foreign direct investment, to continue its highly successful privatization programme, to take additional steps to liberalize the economy and foreign trade by freeing prices and opening up its markets to the world at large, and to enforce the right of private land ownership.

Russia acknowledges and welcomes the support of the United States for its reform efforts and will continue to cooperate closely to identify ways in which the two nations can work together to expedite Russia's transformation into a market system.

Russia is committed to a continuous process of market reform. Russia and the United States recognize that trade and investment activities between the two countries, based on private sector commerce, will provide the foundations for sustained growth now and in the future. Such trade and investment activities will help both nations acquire new technology and know-how and the resulting capital flows will be an important source of financing for both nations that will support reform, create new jobs and improve the quality of life in both countries.

Russia and the United States agree that the development of a climate hospitable towards foreign direct investment could result in tens of billions of dollars of new direct investment in Russia, and could generate a much closer commercial relationship between the business communities of both countries. Russia and the United States will work through the Business Development Committee to identify and eliminate barriers to investment, including sector-specific issues.

"Commercial partnership programme": Russia and the United States undertake to establish a "Commercial partnership programme" to enhance existing bilateral and multilateral agreements by providing detailed guidelines and milestones based on the principles outlined in this document for achieving closer commercial cooperation. The Commercial partnership programme will be developed in several stages, based on continuing progress in political and economic reforms by Russia and in the flow of commerce between the two nations. Each stage will involve implementation and expansion of specific programmes to encourage company-to-company cooperation and expanded trade and investment. The Business Development Committee will coordinate the identification and implementation of specific steps towards this goal.

Industry cooperation: The two countries believe that private sector efforts are vital to the success of Russia's creation of a market economy. Industry cooperation in key sectors will provide the necessary capital business expertise to support economic development. Economic competition generated through private sector cooperation will benefit both countries by improving product quality and manufacturing efficiency, and by creating jobs.

Russia and the United States agree that investment and trade in the oil and gas sector provide Russia with an opportunity to attract United States capital and technology on a vast scale, far beyond resources available from foreign assistance. They understand the desirability of taking earliest possible steps in Russia to attract foreign capital and to provide an attractive investment climate, including realization of production sharing agreements, stable and reasonable tax and export regimes, and equal and predictable access to pipelines, in line with the European Energy Charter Treaty.

Russia and the United States declare that investment and trade in other industry sectors, as well, are essential to overall economic development. Agribusiness and food processing, aerospace, mining, medical devices and pharmaceuticals, telecommunications, transportation, environmental equipment, housing, and defence conversion are priority sectors for cooperation. Both countries will consider appropriate measures for supporting joint ventures in designated sectors.

FOR THE RUSSIAN FEDERATION:

(Signed) Boris N. YELTSIN

FOR THE UNITED STATES OF AMERICA:

(Signed) William J. CLINTON

28 September 1994
Washington